

IRS TAX TIP 2004-20

FREE FILING IN 2004

You may be one of millions of taxpayers who will be able to prepare and file their 2003 federal tax returns electronically this year — for free.

At least 60 percent, or 78 million taxpayers, are eligible to use free commercial online tax preparation software to e-file.

The IRS and the Free File Alliance, a private-sector consortium of tax software companies, have formed a partnership to help taxpayers electronically prepare and file their federal tax returns for free. Each Free File Alliance member sets taxpayer eligibility requirements for its program, and the requirements differ from company to company. Generally, eligibility will be based on factors such as age, adjusted gross income, state residency, military status or eligibility to file a Form 1040EZ or for the Earned Income Tax Credit. Not all taxpayers will be eligible for these free services.

Filing electronically is fast and secure. People who file electronically generally get their refunds more quickly than those who file paper returns. The software eliminates most common errors, such as math errors, that can hold up a refund. And you get an acknowledgment of receipt of your electronically filed return by the IRS. In 2003, about 53 million taxpayers filed their tax returns electronically.

Anybody who wishes to check into free filing should take the following steps:

LOCATE THE FREE FILE WEB PAGE

Go to the IRS Web site at www.irs.gov. At the homepage, you will be able to link to the Free File Web page that lists the Free File Alliance members and their free services. When selecting a company for the first time, make certain that you access the company's Web site through the IRS Web site. If you choose to access the company's Web site directly, even if you qualify for their free offer, you may not remain eligible for the free service. After you enter a company's free file site from the IRS.gov site for the first time, you will remain eligible for the company's free offer even if you return from another Web site or URL.

DETERMINE ELIGIBILITY

At the Free File page, you can browse the summary of each Alliance member's offering or use the Free File Wizard, a questionnaire which helps match your circumstances with companies' services.

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Each Alliance member identifies its company name and has a simple description of the criteria for using its free service. Each Alliance member will also have a link to additional information about the company and its services.

The Wizard will seek to match you to those Free File Alliance members for whose services you may qualify. The accuracy of results depends on the accuracy of the information that you provide.

LINK TO FREE SERVICES

Upon determining eligibility, you can link directly to that Alliance member's free service by clicking on the Alliance member's company name (you will be notified that you are leaving the IRS Web site and are entering an Alliance member's Web site).

PREPARE AND FILE TAX RETURN

At the Alliance member's Web site, you can prepare your tax return using the member's online proprietary software. Completed tax returns will be sent electronically from the Alliance member to the IRS through IRS's existing e-file system using secure telephone lines. You will receive an acknowledgement of receipt or rejection of their return via an e-mail from the Alliance member.

In addition to free filing, low-cost preparation options are available by visiting the Authorized e-file Partners page available to individual taxpayers at www.irs.gov/efile.

For more information on free and low-cost e-filing, check out the IRS Web site, www.irs.gov.

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